

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6959**

**BILL NUMBER:** HB 1263

**NOTE PREPARED:** Jan 18, 2007

**BILL AMENDED:**

**SUBJECT:** Vanderburgh County Innkeeper's Tax.

**FIRST AUTHOR:** Rep. Avery

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☐ GENERAL  
☐ DEDICATED  
☐ FEDERAL

**IMPACT:** Local

**Summary of Legislation:** The bill raises the cap on the Vanderburgh County Innkeeper's Tax from 6% to 8%. The bill requires the revenue from the increase in the cap to be deposited in the County Tourism Capital Improvement Fund.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Summary-* Revenue from the proposed tax increase would be deposited into the County Tourism Capital Improvement Fund (TCIF). *See Explanation of Local Revenues.*

*Background-* Under current law, revenue in the TCIF may be transferred to Vanderburgh County, a city government, a separate body corporate and politic in Vanderburgh County, or any Indiana nonprofit corporation. Revenue from the TCIF must be used for capital improvements for the promotion of conventions, tourism, or recreation within Vanderburgh County. Transfers must be approved by the Vanderburgh County Convention and Visitor Commission.

**Explanation of Local Revenues:** *Summary-* In order to maintain current revenue distributions to the County Convention & Visitor Promotion Fund and the County Convention Center Operating Fund, the Vanderburgh County Council would have to increase the Innkeeper's Tax from 6% to 8%. All revenue generated by the 2% rate increase would be deposited into the County TCIF. In order to fulfill the additional distribution to

the TCIF without affecting distributions to the other funds, the innkeeper's tax rate increase would have to occur shortly after the effective date of the bill to assure the TCIF would receive the additional revenue from a 2% rate increase. The 2% rate increase would raise approximately \$362,500 in CY 2007, \$914,200 in CY 2008, and \$957,200 in CY 2009.

*Background-* Revenue projections were generated using the state Sales Tax estimated growth rates from the December 14, 2006, state revenue forecast.

**State Agencies Affected:**

**Local Agencies Affected:** Vanderburgh County.

**Information Sources:** *Indiana Handbook of Taxes, Revenues, and Appropriations; December 14, 2006 State Revenue Forecast.*

**Fiscal Analyst:** Chris Baker, 317-232-9851.